



**Mayor Willie W. Herenton**

**Fiscal Year - 2005 Budget Address**

***Memphis – Our Best Days Are Ahead***

Tuesday, April 13, 2004

Good afternoon Chairman Brown, Members of the City Council, and Citizens of Memphis.

I extend a special welcome to those citizens and guests joining us by television on News Channel 3 Anytime; on radio via FM 88.5, WQOX; and, by internet website broadcast at [cityofmemphis.org](http://cityofmemphis.org).

During the past 12 years, as Mayor of this Great City, I have had the privilege to stand before the Council to present the City's Annual Operating and Capital Improvement Budgets, and to provide highlights of our accomplishments.

As in years past, I want to publicly thank the Council for working very closely with this administration, as a team, on behalf of the citizens of Memphis. While this year started out with a bang and some areas of disagreement, I want to assure all Memphians that both their executive and legislative branches of city government are working more closely together for the best interest of this great city.

At the end of the day, we all have the ability to put all politics and put our differences aside, this City's public servants are focused on moving Memphis forward.

Today, I am very pleased to present an Operating Budget of \$495 million and a five-year Capital Improvement Program Budget, of \$1.7 billion. The CIP includes \$233 million for Fiscal Year 2005, with approximately \$177 million funded by general obligation bond proceeds.

When I took office January 1, 1992, our fiscal situation was grave. The City's General Fund Reserves were dangerously low at \$3.5 million. Today, our city government is much healthier financially with General Fund Reserves of \$61 million; \$53 million of this amount is in undesignated reserves. Ladies and gentlemen this administration has grown its reserves from \$3 million to \$61 million during our tenure.

We have a very sound 'AA' bond credit rating. I am more proud to say that we have had only one property tax increase during the past 11 years. More importantly, we are continuing our efforts to obtain an upgrade in our credit rating. Thanks to the leadership of Joseph Lee, our exemplary finance director.

Across this great nation, many municipal and state governments are facing tremendous financial strains. For example, both Nashville and Knoxville have very significant budgetary difficulties.

They are facing revenue shortages in the tens of millions of dollars. These cities are making drastic expenditure reductions, including police and fire services, and are depleting their financial reserves in order to balance their budgets.

I was in New York city a few months ago, I took great note that Mayor Bloomberg was cutting police and fire, we are building fire . . .

Fortunately, due to our effective Mayoral/Council partnership, and the sound fiscal and operational leadership we have demonstrated during the past 12 years, Memphis remains financially strong.

In the midst of continued revenue pressures and reduced State shared revenues of approximately \$9 million, we have labored, we have made tough decisions, and have compiled a fiscally prudent and balanced budget.

It is imperative that we maintain a strong General Fund Reserve to better sustain our City when we experience unforeseen catastrophic events, resulting in additional financial burden.

During heavy rain storms, some areas in our city experience significant 'flash flooding.' This act of nature has negatively impacted the quality of life for a number of our citizens and has caused significant property damage.

Therefore, it is essential and urgent that the city make greater investments in its drainage infrastructure. We have included \$11 million in the CIP for FY 2005 and about \$70 million over five years.

Under the capable guidance of our Public Works Director, Jerry Collins, we are preparing a comprehensive 'Storm Water Plan' that will address storm water drainage throughout Memphis. We anticipate presenting this plan, along with potential revenue alternatives, to City Council during the first quarter of FY 2005.

At the beginning of the current fiscal year, during the month of July, the City of Memphis was victim to a major windstorm that resulted in about \$14 million in unanticipated expenditures.

Memphis received a national declaration as a 'Disaster Area' and filed for funds recovery through the Federal Emergency Management Agency. While we are still in the process of recovering up to 75 percent of approved storm related costs from FEMA, we must spend by about \$3 million in unanticipated expenditures from our Reserve Fund to cover the budget shortfall.

This is a prime example of why it is paramount for us to maintain a strong Fund Balance Reserve.

Due to our sound financial management, **the Administration's Fiscal Year 2005 budget as the chairman has noted includes 'NO Property Tax Increase.'** Moreover, we will continue to achieve strong service levels in all areas.

Ladies and gentlemen, I can not amplify that statement enough. If you call the League of Cities . . . we stand out.

Before going any further, I want to acknowledge and commend our 6,000-plus City employees who are responsible for providing quality services to our citizens. They continue to perform admirably and we appreciate their services. We have included a 'three percent' general salary increase for all City employees, beginning January 1, 2005.

I'd like to make a note here, many of us have been here serving in our elected offices for four services, never not given employees a raise.

Additionally, we continue to appreciate our retirees. For the 17<sup>th</sup> consecutive year, we will provide a cost of living adjustment for all City of Memphis retirees, beginning July 1, 2004.

One of my favorite phrases is, “**Memphis’ best days are ahead.**” I truly believe that. Memphis is a very attractive city for economic growth and development. We have extremely favorable cost of living advantages when compared to many other cities throughout the nation.

In partnership with the private sector, we have created more than 68,000 new jobs, representing private capital investment of \$11.1 billion. Our community has been responsible for approximately 25 percent of the entire state’s growth in capital investment for the past five years.

Additionally, for the five year period starting in 1996, we have experienced more private capital investment than Nashville and Knoxville **combined**. Nationally recognized companies such as

FedEx, International Paper, Smith & Nephew, Medtronic/Sofamor-Danek, St. Jude Children's Research Hospital and Technicolor have demonstrated their confidence in Memphis by constructing major new facilities. Some have added hundreds of new jobs as well.

With bold visionary leadership and teamwork, the City's agenda has greatly enhanced our resident's quality of life. Examples include bringing the Grizzlies NBA Franchise to Memphis and the Giant Pandas to the Memphis Zoo. We are one of only four cities in the U.S. to have giant pandas on display!

Another example is the Redbirds AAA baseball team and AutoZone Park. We also now have a new 'world-class' \$60 million central library. Twenty-five percent of the funds for this facility came from private donations.

Another shining example is the Stax Museum of American Soul Music and Music Academy, which celebrates our music heritage.

Memphis has effectively held major historic events, including the world heavyweight title fight of Lewis-Tyson. We now await the upcoming Grizzlies NBA playoff games and possibly hosting

MTV's 'Video Music Awards,' as an inaugural event for our premier arena – FedExForum.

And lastly, the formation of the Riverfront Development Corporation that is orchestrating the transformation of our majestic riverfront into a 'world-class' attraction and public gathering place.

While we have progressed economically, we also have worked to ensure none of our citizens are left behind. For the past eight years, the City of Memphis has hired well over 2,000 young people each year for our summer youth program.

In addition to continuing this effort, this Administration proposes to fund 28 summer youth camps that will accommodate about 3,800 young people. We also propose funding for the new Bridges USA Center in Downtown Memphis to support youth throughout our City. **Our youth** is our most precious resource.

We have continued the "Second Chance" program that has served almost 1,600 ex-felons and helped hundreds of ex-offenders find permanent jobs, enabling them to support themselves and their families.



President George W. Bush has recognized this program as a model for other ex-felon jobs programs across the country. Consequently, due to the effectiveness of our program, the Secretary of Labor has awarded the Memphis Second Chance Program a \$1 million grant.

We are making a difference in the lives of people who have made a mistake, we are lifting them up, etc.

A report from the Tennessee Department of Corrections states that the Second Chance Program has likely saved taxpayers more than \$5 million in prisoner housing costs. This program is indeed a very special and impressive accomplishment for our City!

I am very proud of where Memphis is and where Memphis is headed. As a matter of fact, according to the 12<sup>th</sup> annual Memphis Poll, our citizens also have a positive assessment of the City of Memphis and its public services.

The Memphis Poll found that 79 percent of the citizens polled are satisfied with the City's services, 84 percent are satisfied with their neighborhood, 75 percent are satisfied with the City's quality of life, and 75 percent intend to continue living in Memphis.

For the 12<sup>th</sup> consecutive year, our Fire Division provided the most impressive services. The score for fire response was an extraordinarily high 98 percent! The score for Ambulance/EMS response was an impressive 94 percent. The citizens of Memphis hold our firefighters in the highest esteem.

In this year's CIP budget, we are requesting \$10.6 million for the Fire Services Division. Projects include funds for new fire stations in Downtown-South Bluffs and Southeast Memphis, and funding for three new aerial ladders and three new pumper fire service vehicles.

The Memphis Poll found that police crime protection was the most important priority with a 90 percent rating. Many of our citizens are concerned about violent crime, burglaries, gangs and drug sales in their neighborhoods.

The Police Services Division, under the very capable direction of Director James Bolden, command staff and men and women in blue, will address these concerns by establishing a visible community presence and employing innovative technologies. Adhering to its five-year plan, the Police Services Division's budget includes funding for 50 new officers in Fiscal Year 2005.

The additional officers will ensure that responsive high quality police services are provided across all segments of the Memphis community.

In our proposed CIP budget, we have included recommendations for \$21 million in Police projects, which will include a new police Traffic Operations Facility and new precincts in the Southeast, West and Hickory Hill communities. New technologies for police in-car video and paperless recording will improve responsiveness and apprehension.

This administration's primary focus continues to be on neighborhoods and improving residents' quality of life. Much of our budget is spent to revitalize and energize neighborhoods that have fallen to decay and neglect and transform them into communities of vitality and growth.

Yes, we are sustaining and expanding our "Decade of Neighborhoods" restoration, revitalization and redevelopment efforts all across this great City.

The Division of Housing and Community Development, under the capable leadership of Robert Lipscomb and his staff, has worked with other city divisions, community development corporations,

neighborhood associations and the private sector to identify, remove and restore properties that otherwise would pose dangers and increase slum and blight in our neighborhoods.

We know that much more work is needed. Therefore, a key component of our citywide four-year strategic plan is our current Neighborhood Revitalization Initiative. Under this demolition program, we plan to rid our communities of slum and blight by removing 200 rundown houses and other buildings.

The goal of our Neighborhood Revitalization Initiative is to bring economic and housing redevelopment into 25 city neighborhoods: the Mall of Memphis/Mt. Moriah area, the Mid-South Fairgrounds area, Hickory Hill, Whitehaven, Southwest Memphis, Frayser, South Memphis and North Memphis, just to name a few. We will restore these targeted neighborhoods to marketable, self-sustaining and productive communities.

Another strong example of our commitment to neighborhoods is the partnership between the City of Memphis and the Frayser Community Development Corporation. Both are working on a new community revitalization strategy for the Frayser community.

Although Frayser is unique in many ways, it has struggled with many of the same issues facing other neighborhoods, including declining incomes, dis-investment of local businesses, and deteriorating home values.

To combat these obstacles, the City of Memphis, through the Office of Planning and Development and the Division of Housing and Community Development, worked with the University of Memphis, City and Regional Planning Departments, and residents of the Frayser community to develop a comprehensive plan, called "Frayser Futures." This plan outlines strategies to foster economic growth and development in the Frayser community.

The Uptown revitalization initiative is one of Memphis' ambitious inner-city redevelopment programs. This project is another example of how we are making good on our promise to the citizens of Memphis to improve neighborhoods.

In addition to improving our neighborhoods and making them safe, we have made home ownership available to more than 12,500 households through our Downpayment Assistance Programs! With your help, ladies and gentlemen, we are touching every segment of this community.

The Memphis Housing Authority is undertaking a major initiative to fully redevelop all of our public housing projects. These efforts will greatly enhance our public housing capabilities and dramatically change the face of public housing as we know it today. One shining example is the new College Park Development near LeMoyne-Owen College.

Over the next five years, we are proposing \$38 million in self-supporting loans for the Memphis Housing Authority to support in these major public housing renovation efforts. This will be an expansive effort that touches many of the inner city housing developments, including Fowler Homes, Dixie Homes, Firestone/Uptown, Ford Road, Horn Lake and Cypresswood Developments. We are also proposing a direct allocation of \$12 million to support the major residential and commercial redevelopment of Lamar Terrace.

The FY 2005 Budget continues to provide funding throughout this city. Examples include support for our Park Systems, Public Services, street and light repairs, Urban Art, \$1.2 million in Liberty Bowl improvements, Church Park redevelopment of \$2.7 million, a new \$6.8 million Riverview Community Center, \$2.2 million for our ADA/Wheel Chair Ramp Program, \$9 million for ongoing

Asphalt Paving, \$1 million in Bridge Repair, and \$1.4 million in Commercial Revitalization for the targeted demonstration areas of Chelsea, Jackson, Florida, McLemore, as well as seven additional areas.

Memphis is recognized as one of the major medical centers in the United States. As such, Bio-technology efforts are expanding rapidly in our great city.

Governor Phil Bredesen has asked state legislators to approve \$10 million for the Memphis Biotech Foundation. Also, our CIP includes a financial investment of \$5 million over three years for the Memphis Biotech Foundation.

We expect our investment in Bio-Tech to pay off big, with jobs and educational opportunities for professionals and students in this specialized area.

The city and state funding will help demolish the old Baptist Memorial Hospital on Union and prepare the site for what investors hope will ultimately be a \$300 to \$350 million biomedical research park, with 1.2 million square feet of lab and research space filled primarily by private firms.

This administration, with your support, will remain focused on the entire community. This brings me to our vibrant Downtown, our economic and entertainment core - the 'Heartbeat' of our community. There is over \$2 billion in ongoing capital improvements and developments in Downtown Memphis.

Memphis has great assets in its people, cultural diversity, geographic location, infrastructure, and such natural amenities as the Mississippi River.

Riverfront redevelopment will get a boost within two years with the construction of Beale Street Landing. This development will tie the riverfront to the Sports & Entertainment District, which will soon be graced by our new 'world-class' sports arena – The FedExForum.

Beale Street Landing will be home to a state-of-the-art docking facility, a grand civic plaza, a souvenir/gift shop and small bistro-style restaurant. This endeavor will be the first public/private building project in Memphis history to be selected through an international competition. Yes, the eyes of the world are on Memphis.



Soon, Council will receive a formal presentation from the Riverfront Development Corporation on our recommendations for the Riverfront Promenade Public Realm Plan. This project will take us into another highly dynamic phase of our evolving riverfront master development plan. A plan that we believe will give our riverfront national and even international appeal.

The FedExForum will add even more synergy and growth to downtown. This is the largest construction project in the history of our great city, but it certainly isn't the only one. In fact, construction is nearly everywhere you look.

Just across the Auction street bridge, you can't miss the sounds of construction. The Harbor Town Landing project is actually several projects in one -- 12 town homes, 36 condos and 20 lofts. Every patch of grass on Mud Island has plans. One grassy area will soon have a 30 room bed-and-breakfast, plus two restaurants. A grassy field not far away from there will consist of a development of 250 new homes.

Soon, Harbor Town will have its first gas station. The Pinch district is home to lots of new growth -- like the billion dollar expansion of St. Jude Children's Research Hospital.

Upon completion, St. Jude will add nearly 1,000 highly skilled, high paying jobs.

Even in the core of Downtown, there is demolition, new construction and renovation. For example, where the Jeans Glory building recently collapsed, there will be new apartments and a Dixie Queen restaurant. Some time very soon, there will be a Krispy Kreme doughnut shop on South Main. A major new Apartment Tower and Garage Complex also will rise from the ground formally occupied by the now demolished Cook & Love Building. Another clear indication that we are growing!

We are going to have greater hotel capacity thanks to our newly opened state-of-the-art Cook Convention Center and The Cannon Center for the Performing Arts. The Belz family, who has a great vision for Downtown Memphis, is contemplating building an Embassy Suite Hotel.

Additionally, there are plans underway for a 200-room top-tier hotel, restaurant and parking garage next to the FedExForum. This will be a \$45 million project, with a potential completion date of late 2005 or early 2006.

More immediately, the Downtown Marriott Hotel is adding 200 new rooms to further enhance our hospitality and convention industry. This new addition is expected to come on-line in the next few months.

We can further enhance our many amenities with a strong public transportation system. Under the leadership of Will Hudson, Every progressive City in the world has a great transportation system. Last month, MATA opened its 2.1 mile Madison Avenue Line, which connects Downtown to Midtown.

Ultimately, the goal is to have MATA's Trolley System become a 9-mile, 'light-rail' extension to the Memphis International Airport. We expect light-rail to help alleviate traffic congestion, improve air quality, and give people a convenient, affordable transportation alternative. Light-rail is expected to cost about \$400 million, with the City contributing about 25 percent of the costs over a 10-year period.

When I am out conducting the business of the city, I am encouraged when I meet citizens who are excited about Memphis. The excitement is about new amenities and development within our city, about living, learning, working and recreating in Memphis;

about experiencing the first ever national basketball league playoffs or even being considered a host city for such an event as the MTV – Video Music Awards; Yes, when I say, ‘**Memphis’ Best Days are Ahead,**’ I truly believe it!!

**Finally**, the Fiscal Year 2005 Budget, as presented today, represents a concerted, prudent effort to effectively utilize public resources to move this great city forward. This plan facilitates continued growth for our city and provides for effective services throughout the City of Memphis, while sustaining our financial integrity.

It touches every segment of our community and provides an expansive array of services – It is a Balanced Budget that requires **NO Tax Increase** and uses only \$2 million in General Fund Reserves for Fiscal Year 2005.

**Most importantly, this budget provides all the hope and optimism that “Our Best Days are indeed Ahead of us!”**

**THANK YOU - and may God continue to bestow Blessings upon the Great City of Memphis and all her citizens!!**